

**Office of the Attorney General  
State of Illinois**

# **The Missoula Plan: Consumers Pay**

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Illinois Commerce Commission Workshop

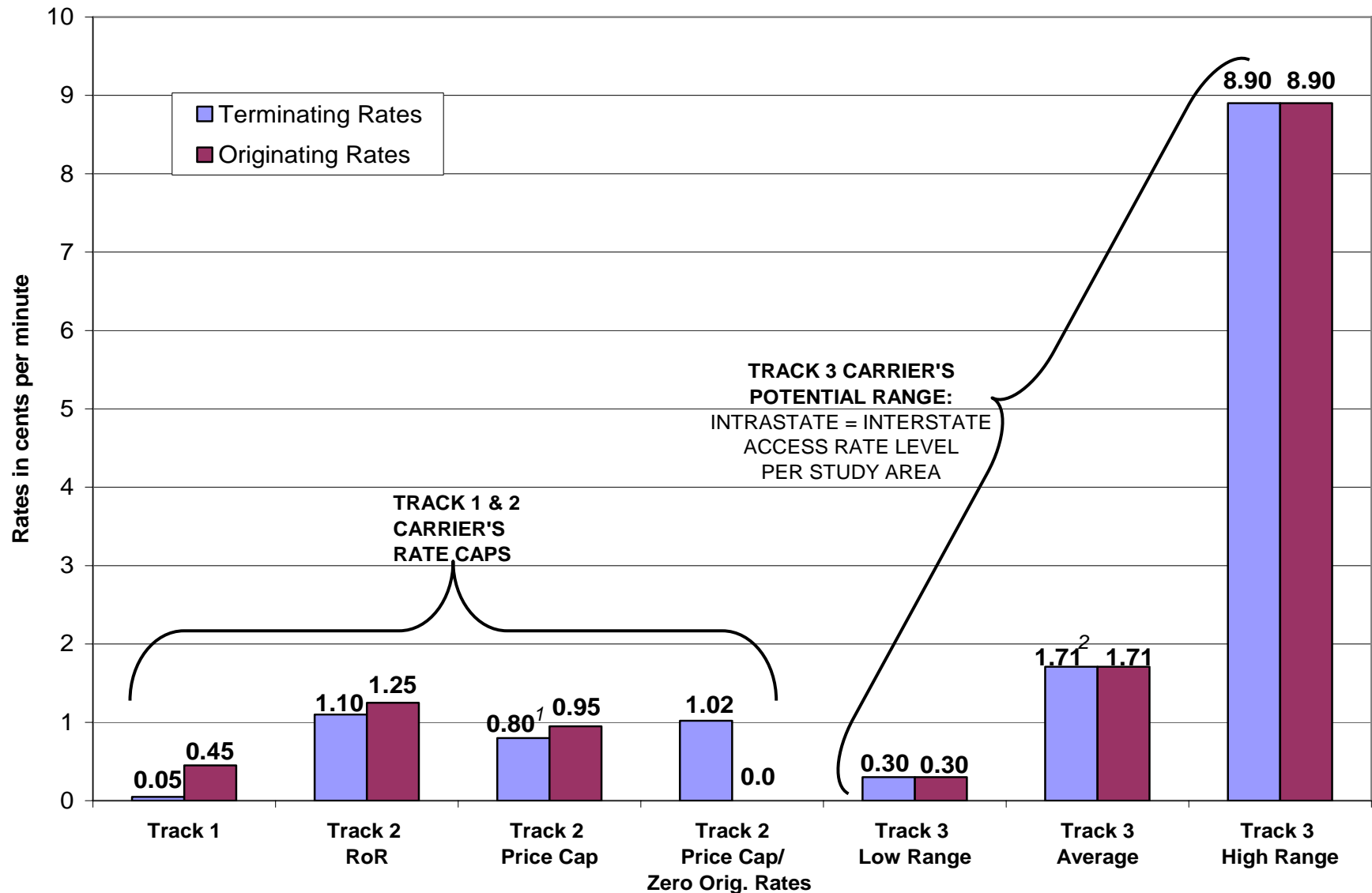
Missoula Plan

October 4, 2006

# Consumers Oppose Missoula Plan

- Missoula Plan does not eliminate disparity in intercarrier rates
- Missoula Plan results in unsustainable increases in the Universal Service Fund
- Missoula Plan unreasonably raises local rates
- No sharing of the burdens imposed by the Missoula Plan

# The Missoula Plan Does Not Eliminate Disparity in Rates



1. Assumes end office switching rate of 0.05¢ and 0.75¢ for common transport and tandem switching.

2. Compensation for EAS traffic remains under existing arrangements. Reciprocal compensation rates for 251(b)(5) traffic capped at interstate access rate levels.

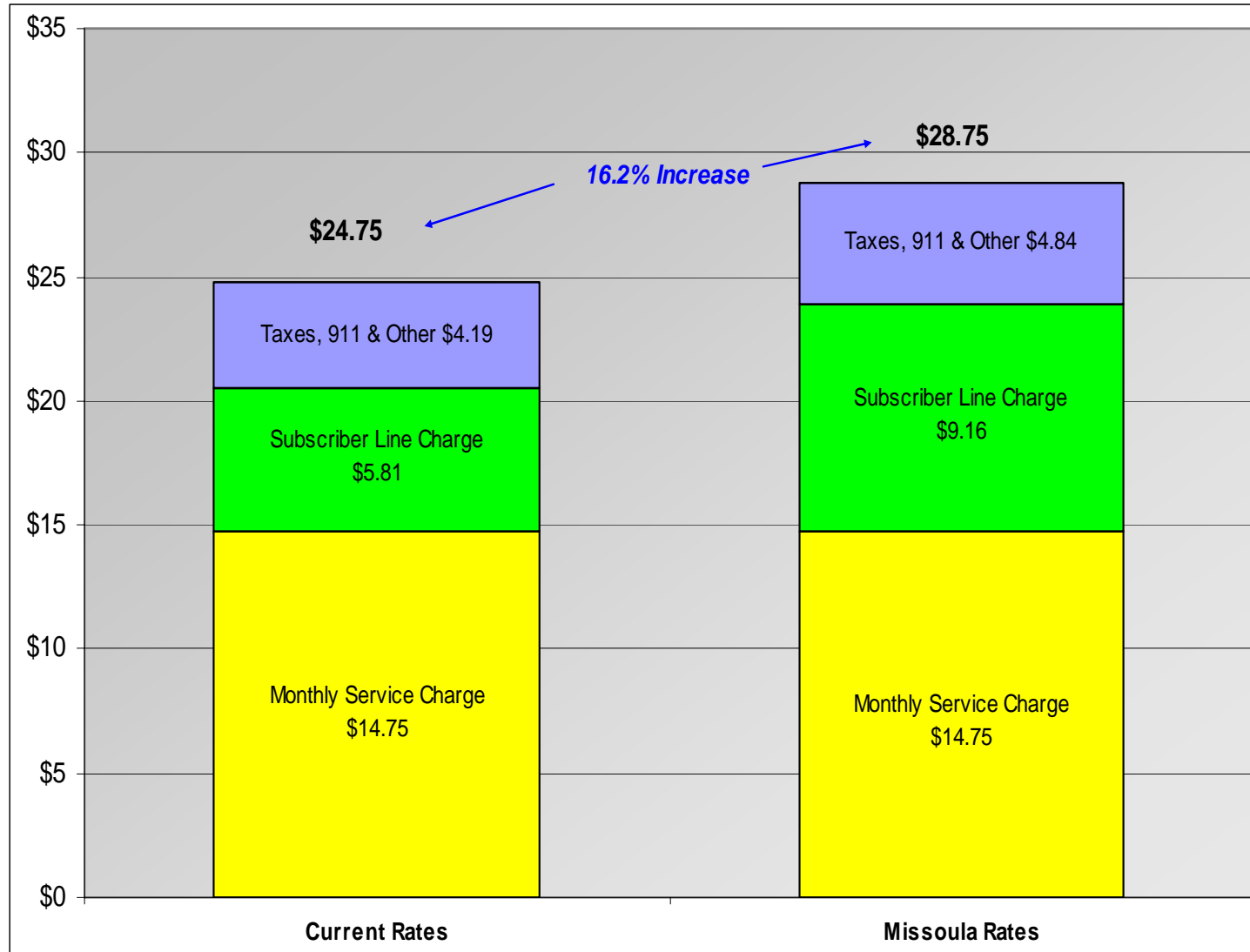
# Missoula Plan Results in Unsustainable Increases in USF

- Plan calls for \$2.225 Billion increase in USF funding: Restructure Mechanism; High Cost Fund; Low Income Fund; and Early Adopter Fund
- **A 32% increase in current \$7 Billion USF**
- Would result in assessment factor on all interstate and international revenues in excess of 13%

# Impact on Local Rates

- Increase in SLC cap for Track 1 Carriers (88% of all access lines) from \$6.50 to \$10.00 a month
- Beginning at Step 5, SLC cap escalates above \$10.00 at annual rate of inflation
- SLC caps for Tracks 2 and 3 (12% of all access lines) increase to \$8.75 a month
- USF surcharge on local rates increases 32%, from 10.2% to 13.5%

# Comparison of Current Average Residential Rates With Average Residential Rates Under Missoula Plan



# There is No Sharing of the Burden of the Missoula Plan

- ICC Rates are reduced \$6 Billion
- No pass through of reductions to consumers
- **End user rates go up \$6.9 Billion to pay for Missoula**

\$4.7 B increase in SLCs

\$1.5 B for Restructure Mechanism

\$0.3 B increase in High Cost Fund

\$0.2 B increase in Low Income Fund

\$0.2 B for Early Adopter Fund

**\$6.9 B TOTAL**